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CENTRAL INTELLIGENCE AGENCY

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Statistical Reporting of Kolkhozes and Industrial Enterprises

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THIS IS UNEVALUATED INFORMATION

SOURCE

1. All forms for statistical reporting are confirmed by the Council of People's Commissars, USSR. The originals of these forms were signed by Molotov personally and published in the Bulletin of Decrees (v biulletenyakh postanovlenii) of the Supreme Council and the Council of People's Commissars, USSR, in 1939 and subsequently published in a special collection which was put on sale in stores. The indicated bulletins and collections can probably be found in libraries in the US. It is precisely indicated on all forms within what time periods and through what channels kolkhozes and industrial enterprises must submit the forms.
2. The Government then decided to curtail demands on industrial enterprises and kolkhozes proceeding from the most varied local and republic organs, beginning with the village council (sel' soviet) to the republic council of people's commissars and from local economic organizations to the republic people's Commissariat. However, such a reaction on the part of the government was in direct contradiction with its demand that all leaders (rukovoditeli) be constantly in touch with everything going on in industry and the kolkhozes. As a result, in the first two months after publication of the forms, experience showed that the local organs of authority were affected and also the central people's Commissariats and even Gosplan.
3. The Soviet System, as is well known, does not collect information for mere curiosity (an exception is the periodic study in various republics of workers' and peasants' budgets, affording very interesting results). All work of statistical organs of the USSR directly serves the needs of State economic planning (compilation of plans and verification of their fulfillment). Even special inventories as, for example, the large inventory of plant equipment (in the broad sense of the word) which incidentally provided astounding inferences of a scandalous nature, was carried out on Gosplan initiative in order to embrace more fully the existing production capacity with planning.

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4. In accordance with this, in monthly and quarterly forms for statistical reports of industry (excluding annual reports) is included only a small group of indices which relate to the more important tasks of the quarterly and annual plans. But the day to day management of an enterprise is entirely impossible on the basis of these limited data.
5. We have the same situation with kolkhoz accounting with the one difference that it is chronologically tied in with various agricultural "campaigns" (eg, planting, harvesting etc) or with decrees of the Central Committee of the Communist Party and the Council of People's Commissars USSR on special agricultural seasonal plans. Incidentally, in forms for current statistical reporting for kolkhozes, information on production costs and financial indices in general is entirely disregarded. The Government gives the kolkhozes obligatory planned assignments which establish acreage of plowing and planting for each crop, precisely determines scope and dates of completion for high-cost agricultural enterprises, issues decrees on construction and organization of livestock farms and the number of head of livestock on them, etc. But no one is interested in information on production, financial and labor expenditures incurred because deliveries to the State are paid for at the firm "procurement price". In forms for sovkhoses and MIS, however, there is a superfluity of indicated data.
6. Concerning dates for submittal of statistical reports, here again are found insurmountable disclosures. For example, for industry the oblast' statistical directorate may under no circumstances issue the monthly oblast' report sooner than the 5th day of the month following the statistical month and the republic, no sooner than the 7th. (Reports in the corresponding trusts and glavks are generally issued a day earlier.) In the meantime, the report on plan fulfillment must be in the central people's commissariats and Gosplan no later than the 8th or 9th (of the following month) which is practically impossible to carry out. In addition, plans for the ensuing month (or quarter) must be compiled no later than the 3rd or 4th. But these plans must be based on the statistical reports and plan fulfillment of the preceding month which at that time are not yet in existence.
7. As regards kolkhozes, as already noted above, the situation with dates of completion of reports is somewhat better as reporting in general corresponds to plans for seasonal "campaigns".
8. Is this situation satisfactory to the ministries, Gosplan and local authorities? Of course not, because the planning assignments from year to year are modified and become more complicated. Besides this, in certain republics and oblasts specific peculiarities not anticipated in the forms are found. However, no one is in a position to change the forms or to transmit information not envisaged in the form. A solution to this difficulty was found in the so-called "radio-reports" (radio-doklad, radio-raport, and radio-pereklichka). All this was carried out after 12 o'clock, night until morning. It was forbidden to transmit information by rail, but no one said anything about confer-ring by radio. In addition, in rayons and oblasts there is the widespread practice of calls from kolkhoz chairmen and MIS and sovkhos directors for private reports.
9. All-union and republic industrial ministries, trust, etc, also make wide and systematic use of these means of communication from factories to their glavks and trusts.
10. In addition, during the last years preceding World War II, the theory prevailed in management technique in the Soviet economy (essentially an extremely centralized economy) that only those sectors of the economic life which were subordinated to local or all in the diagram of the line of transmittal for statistical accounts. Local organs of authority (rayon, oblast', krai, autonomous and union republic) began receiving accounts only from enterprises subordinate to them. There are exceptions in cases where an agent of the corresponding industrial people's commissariat of the USSR is present. (For example: The agent of the People's Commissariat for Ferrous Metallurgy in the Ukrainian SSR or People's Commissariat for Petroleum Industry of the USSR in the Bashkir Republic, etc). In such an instance, the local organs of authority bear a certain responsibility for the work of All-Union subordinated enterprises and therefore they are given the opportunity of receiving systematic statistical information on the progress of plan fulfillment.
11. Incidentally, local organs of authority successfully circumvent the above-indicated theory, making use of oblast' and krai (VKPs) committees and central committees of national Communist parties. In spite of prohibitions long in force, statistical accounts are received not only from enterprises of All-Union subordination but even from purely military productive enterprises as directors of such enterprises for a number of reasons are interested in preserving good relations with local Party Organs.
12. The question of how primary statistics are created in production enterprises and kolkhozes and the methodology of filling out individual columns could be cleared up in considerable detail if only for the more important indices. Unfortunately, in order to do this it would be necessary to have these forms. [redacted] attempt to give a definite index in which you are interested. [redacted] general, theoretical description of this phase in the origin of known data of statistical reporting.

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13. In this connection it is necessary first of all to take note of the fact that in the overwhelming majority of cases monthly and quarterly statistical forms are not filled out according to bookkeeping data as required by instructions. Even the largest of industrial enterprises at the report deadline are only able to give figures for the first two 10-day periods of the statistical month. Ordinarily data for the third 10-day period are compiled by the plant planning sections on the basis of shops and other sections of the plant. Experience has demonstrated, however, that this does not necessarily reflect noticeably on the degree of reliability of statistical reports. (Assuming, of course, that there is no conscious attempt to falsify the accounts.)
14. A far more perceptible effect on the accuracy of primary statistical reporting is exercised by the extreme confusion, vagueness of instructions dealing with methodology for filling out statistical reporting forms in spite of numerous attempts by the Central Statistical Directorate to simplify them. (And perhaps precisely because of such attempts.) A check affirmed several times a quite significant divergence on the part of various persons in their understanding of indices on labor, unit production costs, capital investment and even on gross and market production. It is quite apparent that this situation had an effect on the reliability and accuracy of primary statistical reports. It is, of course, not possible to determine the actual significance of this phenomenon.
15. Experience has shown that attempts at direct, conscious falsification of primary statistical accounting in industrial enterprises have taken place on numerous occasions in spite of the fact that such attempts inevitably involved the necessity of organizing agreements between a number of persons (the director or his deputy, chief of the planning section and the bookkeeper). Practical success in such attempts was contingent on especially favorable circumstances and the whole procedure was far from being safe. In most cases, falsification of accounts involved so-called "qualitative indices of the plant", i.e. data directly or indirectly related to the productivity of labor, unit production costs, and product assortment, and so on. Often production figures were falsified by including all "unfinished production", i.e. parts which had not undergone full production processing at the time of compilation of the report. (There were even instances of inclusion in production figures of half-finished parts).
16. Incidents of direct falsification of statistical reports in oblast' republic or central organs and for a great number of reasons consider this almost impossible. Soviet authorities have other, more convenient means for hiding, veiling and often deliberately falsifying their account of the economic situation of the country, particularly if it is a question of indices of plan fulfillment for the national economic plan. But it can be confidently declared that as long as the Soviet Government published absolute figures the possibilities of falsification are insignificant, especially if figures are published systematically.
17. Forms for kolkhozes are comparatively simple and provided with rather clear instructions explaining methods of accounting procedure. In spite of the fact that forms for primary statistical reports for kolkhozes are much more extensive than for industry, filling them out presents no methodological difficulty, especially since land directorates and agents and the Central Statistical Directorate instruct the kolkhozes in this regard. Thus, unreliability of statistics caused by ignorance of correct procedure for filling out forms is insignificant.
18. However, a large number of deliberate attempts at falsification came to light quite accidentally. These were chiefly statistics concerned with dates of completion for various agricultural tasks, for example, winter and spring plowing, "vernalization" of seeds, etc. There were numerous instances of accounting falsification with regard to "agricultural measures", for example, harrowing, weeding, hilling, manuring the fields, weed and pest control, etc. In this regard it should be kept in mind that kolkhoz accounting and a number of reasons was difficult to audit and only accidentally were there instances when falsification was disclosed. This was all the more true in view of the fact that the interests of the MTS often coincided with those of the kolkhoz management to "fill" the plan. (Analogous attempts were made by the kolkhozes in the compilation of accounts on the grain harvest ("barn yield") for the purpose of hiding losses of grain in harvesting, in transporting from the fields and so on.
19. The kolkhoz bookkeeping and accounting system is, of course, far from perfect. Quite frequently kolkhozes were not in a position to determine accurately the amount of work that had actually been done and were obliged to rely on what the brigadier said or request the necessary information from their MTS. It is quite clear that such a situation does make for accuracy and reliability of primary statistics particularly in view of the fact that the kolkhoz management endeavors constantly to fulfill and overfulfill the assignments called for by the plan.
20. Strictly speaking, instances of deliberate falsification of primary statistics in industrial enterprises and on kolkhozes can be explained by this pressure for plan fulfillment and only by this pressure. Deliberate and direct falsification of kolkhoz accounts in

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oblast' republic and central organs is quite improbable, at any rate in connection with the figures themselves. It would be quite a different matter, of course, if the question was one of falsification of methods of processing of primary kolkhoz accounts on the basis of which are extracted such synthetic indices as average yield, average yield of milk, marketable tonnage of grain, and so on.

21. I am attaching a simplified diagram illustrating the movement of statistical accounts for industry of local subordination and for kolkhozes. The diagram also shows how the Soviet government receives statistical accounts and surveys on the progress of plan fulfillment along three independent channels (people's commissariats, the Central Statistical Directorate and Gosplan.)

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ENCLOSURE (A): Diagram Illustrating the Movement of Statistical Accounts for Industry of Local Subordination and for Kolkhozes

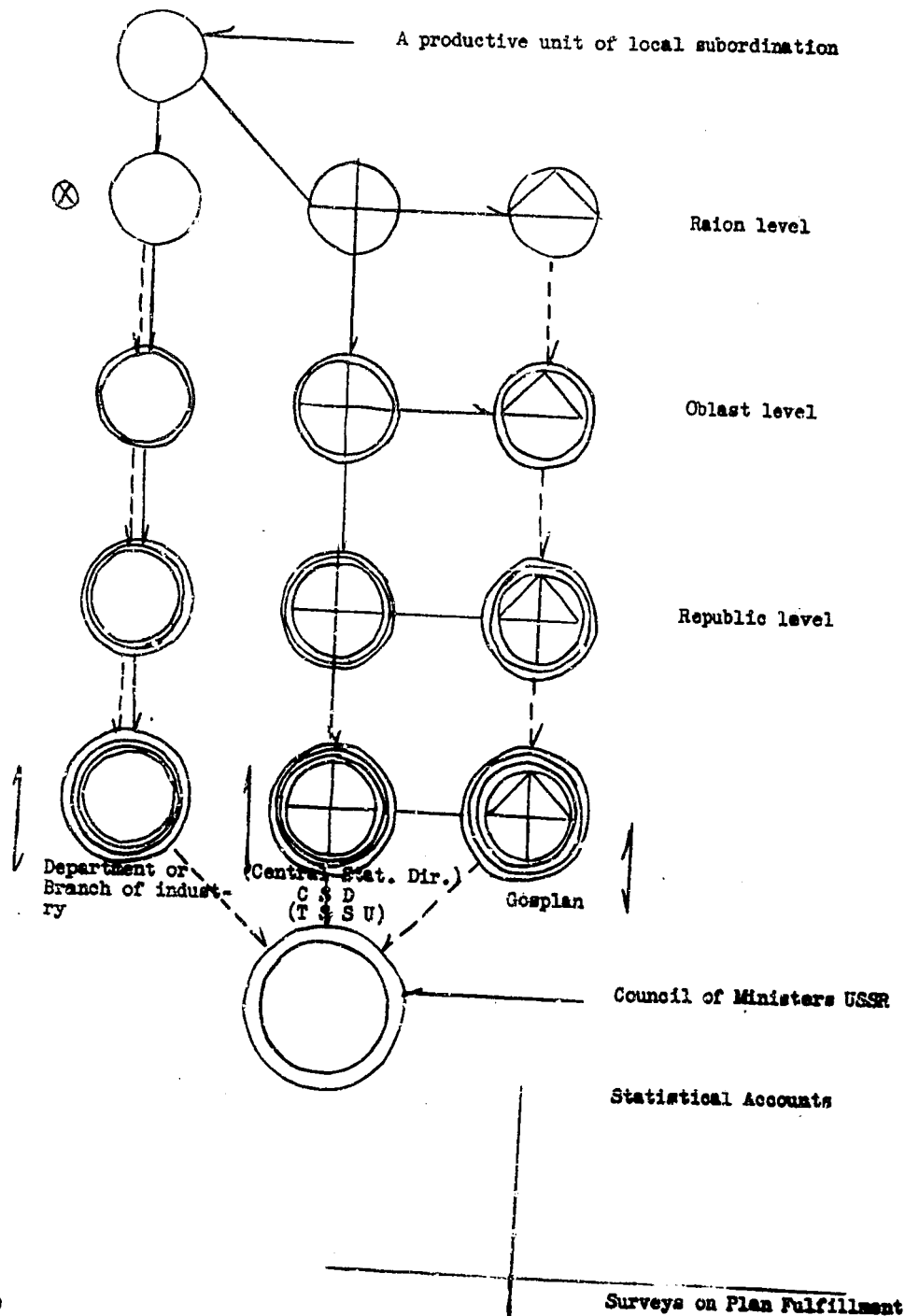
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ENCLOSURE (A)

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DIAGRAM ILLUSTRATING THE MOVEMENT OF STATISTICAL ACCOUNTS FOR INDUSTRY OF LOCAL SUBORDINATION
AND FOR KOLKHOZES



Note:

In Raions ordinarily Promotdel (Industrial Section) is replaced by the Raiproekombinat (Raion Industrial Combine) or the Raionpishchepromkombinat (Raion food-stuffs Industries Combine) depending on the prevailing industry in the region.

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